

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. PGA-03-5 PGA-03-10
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**ORDER DOCKETING PURCHASED GAS ADJUSTMENT FILINGS
FOR FURTHER REVIEW**

(Issued March 18, 2003)

On February 3, 2003, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) its February purchased gas adjustment (PGA) filing. The filing has been identified as Docket No. PGA-03-5. On March 3, 2003, IPL filed its March PGA filing. The filing has been identified as Docket No. PGA-03-10. The February and March 2003, PGA filings included the purchase of additional contract demand capacity in the calculation of the PGA factor for each month. Board review indicates that the inclusion of the additional contract demand capacity may exceed the standards in 199 IAC 19.16.

Subrule 19.16(1) authorizes a rate-regulated gas utility to maintain a reserve margin in excess of historic peaks and to recover the cost of the reserve in the PGA. Subrule 19.16(5) establishes a rebuttable presumption that all gas available to meet demand in excess of an amount needed to meet the base period demand plus the reserve is presumed to be unjust and unreasonable unless a factual showing to the contrary is made during the annual review of gas proceeding. Subrules 19.16(3) and

19.16(4) establish the level of reserve margin presumed reasonable. Board review of the February and March PGAs shows that IPL has reserves in excess of the amounts presumed to be reasonable.

The Board will docket the PGA filings from February and March 2003 to allow IPL to either provide additional information supporting the inclusion of the excess reserve in PGA rates or to file a request for a waiver of the reserve limits established in 199 IAC 19.16. The Board will determine at a later date if a procedural schedule is necessary.

IT IS THEREFORE ORDERED:

1. Docket No. PGA-03-5 is docketed for further review.
2. Docket No. PGA-03-10 is docketed for further review.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 18th day of March, 2003.